BIOLIDICS LIMITED
(Company Registration No.: 200913076M)
(Incorporated in the Republic of Singapore)

RESPONSES TO QUERIES BY SGX REGCO ON THE COMPANY'S ANNOUNCEMENT ON 21 NOVEMBER 2023

The board of directors (the "**Board**") of Biolidics Limited (the "**Company**" and together with its subsidiaries, the "**Group**") refers to the queries by SGX RegCo on the Company's announcement entitled "Proposed Subscription of 98,500,000 New Ordinary Shares in the Issued Share Capital of Biolidics Limited (the "**Company**") by Mr. Zhu Hua (the "**Subscriber**")" dated 21 November 2023 ("**Announcement**").

Capitalised terms used and not defined herein shall have the same meanings as ascribed to them in the Announcement.

Query 1:

*The approval of shareholders of the Company for the previous Proposed Subscription ("**Previous Proposed Subscription**") was not obtained at the extraordinary general meeting held on 21 November 2023. Pursuant thereto, the Company had entered into a new subscription agreement with the same subscriber of the Previous Proposed Subscription on the same day ("**New Subscription Agreement**").*

(i) What had the Board considered when entering into the New Subscription Agreement with the same Subscriber and on similar terms (save for the subscription price and the number of shares to be issued to the Subscriber) as the Previous Proposed Subscription? How is this in the best interest of the Company and its shareholders?

(ii) Had the Board considered other alternative sources of funding pursuant to the termination of the Previous Proposed Subscription?

Company's response

(i) The Board had considered the following when entering into the New Subscription Agreement with the Subscriber:

(a) Following the termination of the Previous Proposed Subscription, the Group will be required to look for and secure alternative sources of fundings as soon as practicable so as to repay the Outstanding Debt, which is payable no later than 25 November 2023, and also for the Group's working capital requirements. The Board also notes that most of the concerns raised by Shareholders at the EGM had revolved mainly around the the discount of the subscription price of, and the dilution to Shareholders arising from, the Previous Proposed Subscription.

Further to negotiations with the Subscriber, the Company was informed that the Subscriber was prepared to undertake the New Proposed Subscription, albeit on terms which were less favourable to him as compared to the Previous Proposed Subscription, but which will enable the Company to raise the requisite funding to repay the Outstanding Debt and address most of the concerns raised by Shareholders at the EGM;

(b) it was also previously intended that following the completion of the Previous Proposed Subscription, the Subscriber will be appointed as a Non-Executive Director of the Company. As the Subscriber brings with him about 20 years of experience in investment management, the Company had intended to leverage on the industry network, experience, expertise and resources of the Subscriber to seek new growth opportunities for the Group.

Notwithstanding that Shareholders' approval was not obtained at the EGM for the Previous Proposed Subscription, the Board still maintains the favourable view on the benefits of having the Subscriber on the Board and the ability to leverage on his industry network, experience, expertise and resources; and

(c) As at 30 September 2023, the Group was in a net equity deficit position of approximately S$2.19 million and was in a negative working capital position of approximately S$1.37 million. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

Similar to the terms under the Previous Proposed Subscription, subject to the completion of the New Proposed Subscription, the Subscriber has undertaken to provide financial support to the Group by way of, *inter alia*, interest-free shareholder's loans to ensure that the Company and the Group will be able to continue to operate as a going concern.

Accordingly, after taking into consideration the above, the Board has decided to undertake the New Proposed Subscription as it is of the view that the entry into of the New Subscription Agreement is in the best interest of the Company and its Shareholders.

(ii) In view that the Payment Due Date of the Outstanding Debt was on 25 November 2023, being 4 days after the EGM, the Company has been exploring contingency plans should Shareholders' approval not be obtained at the EGM for the Previous Proposed Subscription to ensure that the Company will be able to repay the Outstanding Debt by the Payment Due Date, including discussions with the Subscriber on the New Proposed Subscription. Concurrently, the Company had also on 21 November 2023, written to CBSA to request for an extension of the Payment Due Date to 23 December 2023, so as to allow the Company additional time to secure alternative sources of funding for the repayment of the Outstanding Debt.

As such, and after taking into consideration the factors as set out in the response to part (i) above, the Board is of the view that the terms of the New Proposed Subscription remains best suited to the Group's requirements, particularly in view of the impending Payment Due Date.

Notwithstanding the entering into of the New Subscription Agreement, the Board and management remains committed to, and will continue to explore, alternative sources of funding such as equity or debt fundraising to strengthen the Group's financial health and working capital position.

Query 2:

As the Subscriber:

(i) will hold approximately 14.98% of the enlarged issued share capital of the Company upon completion of the New Subscription Agreement;
(ii) intends to undertake a strategic review of the Group's existing business and has undertaken to provide financial support to the Group; and
(iii) be entitled to be appointed as a Non-Executive Director of the Company following completion of the New Proposed Subscription,

please provide the Board and Sponsor's views and bases on whether the completion of the New Subscription Agreement will result in a transfer of controlling interest under Catalist Rule 803.

Company's response

In considering whether the completion of the New Proposed Subscription will result in a transfer of controlling interest under Catalist Rule 803, the Board had considered the following:

(i) Under the Catalist Rules:

(A) "**controlling shareholder**" is defined as:

"a person who:

(a) holds directly or indirectly 15% or more of the nominal amount of voting shares in the company. The Exchange may determine that a person who satisfies this paragraph is not a controlling shareholder; or

(b) in fact exercises control over a company";

(B) "**control**" is defined as:

"*the capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company*" and

(C) "**controlling interest**" is defined as:

"*the interest of the controlling shareholder(s)*";

(ii) immediately following the completion of the New Proposed Subscription, the Subscriber will own approximately 14.98% of the enlarged issued share capital of the Company, with the next largest Shareholder holding a shareholding interest of approximately 8.69%, and public Shareholders holding a shareholding interest of approximately 72.60%. Such amount shareholding interest will not enable the Subscriber to exercise significant influence over matters requiring Shareholders' approval or have veto power with respect to any Shareholders' action or approval. Please refer to the response to query no. 3 below for the shareholding effects of the New Proposed Subscription;

(iii) as at the date of this announcement, the Company and the Subscriber has yet to undertake any strategic review of the Group's existing business and nor has the Subscriber recommended any new businesses to the Board, as the intention is for these to be undertaken only after the completion of the New Proposed Subscription. There is therefore no certainty that any new

businesses to be recommended by the Subscriber to the Board may be deemed feasible by the Board and management. In the event the Group undertakes diversification into any new businesses, the Company will, in accordance with the requirements under the Catalist Rules, seek the approval of Shareholders accordingly;

(iv) following the appointment of the Subscriber as a Non-Executive Director, other than the Subscriber, the Board is expected to also comprise 4 other members, being the Non-Executive Independent Chairman, the Executive Director and Chief Executive Officer and 2 Independent Directors. In addition, the Subscriber will not be holding an executive role nor be involved in the management of the Group's business. As such, the Subscriber will not be able to dominate decision-making in relation to the financial and operating policies of the Company at both the Board and management level; and

(v) in view of the current financial condition of the Group, the Subscriber has undertaken to provide interest-free shareholder's loans to the Group solely with the intention to ensure that the Company and the Group will be able to operate as a going concern. The quantum of such financial support (including the terms thereof) has not been determined as at the date hereof and will only to be mutually agreed between the Company and the Subscriber following the completion of the strategic review of the Group's existing businesses.

In the event that the terms of such shareholder's loans will result in a transfer of controlling interest under Rule 803 of the Catalist Rules, the Company will, in accordance with the requirements under the Catalist Rules, seek the approval of Shareholders accordingly prior to the entering of such transactions.

After taking into consideration the above, the Board is of the view that the Subscriber will not fall within the definition of "controlling shareholder" under the Catalist Rules as set out under part (i) (A) of this response above and accordingly, is of the view that the completion of the New Proposed Subscription will not result in a transfer of controlling interest to the Subscriber under Rule 803 of the Catalist Rules.

Sponsor's response

After taking into consideration the Company's response to query no. 2 above, the Sponsor concurs with the Board's view and is of the view that the completion of the New Proposed Subscription will not result in a transfer of controlling interest to the Subscriber under Rule 803 of the Catalist Rules.

Query 3:

Please provide the effects of the New Subscription Agreement on the shareholdings of the directors and substantial shareholders of the Company, before and after completion of the New Subscription Agreement.

Company's response

The effect of the New Proposed Subscription on the shareholdings of the Company is as follows:

	Before the New Proposed Subscription				After the New Proposed Subscription			
	Direct Interest		Deemed Interest		Direct Interest		Deemed Interest	
	Number of Shares	% (1)	Number of Shares	% (1)	Number of Shares	% (2)	Number of Shares	% (2)
Directors								
Gavin Mark McIntyre	-	-	-	-	-	-	-	-
Song Tang Yih	24,501,500	4.38	-	-	24,501,500	3.73	-	-
Ian David Brown	-	-	-	-	-	-	-	-
Ch'ng Li-Ling	-	-	-	-	-	-	-	-
Substantial Shareholders								
Wong Kong Leong	57,123,300	10.22	-	-	57,123,300	8.69	-	-
Subscriber	-	-	-	-	98,500,000	14.98	-	-
Existing public	477,501,805	85.40	-	-	477,501,805	72.60	-	-

Notes:

(1) Based on the existing issued share capital of 559,126,605 Shares.

(2) Based on the enlarged share capital of 657,626,605 Shares following the completion of the New Proposed Subscription.

By Order of the Board

Song Tang Yih
Executive Director and Chief Executive Officer
23 November 2023

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*This announcement has been prepared by the Company and has been reviewed by the Company's sponsor, United Overseas Bank Limited (the **"Sponsor"**), for compliance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the "**SGX-ST"**) Listing Manual Section B: Rules of Catalist.*

This announcement has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr. Lim Hoon Khiat, Senior Director, Equity Capital Markets, who can be contacted at 80 Raffles Place, #03-03 UOB Plaza 1, Singapore 048624, telephone: +65 6533 9898.